

PREVAILED

Roll Call No. _____

FAILED

Ayes _____

WITHDRAWN

Noes _____

RULED OUT OF ORDER

HOUSE MOTION _____

MR. SPEAKER:

I move that House Bill 1554 be amended to read as follows:

- 1 Page 37, between lines 39 and 40, begin a new paragraph and insert:
- 2 "SECTION 19. IC 6-1.1-39-10 IS ADDED TO THE INDIANA
- 3 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 4 [EFFECTIVE JULY 1, 1999]: **Sec. 10. (a) Notwithstanding any other**
- 5 **provision, an allocation provision established under this chapter**
- 6 **before July 1, 1999, expires not later than the latest date that an**
- 7 **obligation that is outstanding on July 1, 1999, and that is payable**
- 8 **from allocated taxes is scheduled to be retired.**
- 9 (b) An allocation provision established or amended under this
- 10 chapter after June 30, 1999, must specify an expiration date for the
- 11 allocation provision that may not be more than thirty (30) years
- 12 after the date on which the allocation provision is established.
- 13 SECTION 20. IC 8-22-3.5-9 IS AMENDED TO READ AS
- 14 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 9. (a) As used in this
- 15 section, "base assessed value" means:
- 16 (1) the net assessed value of all the tangible property as finally
- 17 determined for the assessment date immediately preceding the
- 18 effective date of the allocation provision of the commission's
- 19 resolution adopted under section 5 of this chapter; plus
- 20 (2) to the extent it is not included in subdivision (1), the net
- 21 assessed value of property that is assessed as residential property
- 22 under the rules of the state board of tax commissioners, as finally
- 23 determined for any assessment date after the effective date of the
- 24 allocation provision.

1 However, subdivision (2) applies only to an airport development zone
 2 established after June 30, 1997, and the portion of an airport
 3 development zone established before June 30, 1997, that is added to an
 4 existing airport development zone.

5 (b) Except in a county described in section 1(5) of this chapter, a
 6 resolution adopted under section 5 of this chapter and confirmed under
 7 section 6 of this chapter must include a provision with respect to the
 8 allocation and distribution of property taxes for the purposes and in the
 9 manner provided in this section.

10 (c) The allocation provision must:

- 11 (1) apply to the entire airport development zone; and
- 12 (2) require that any property tax on taxable tangible property
- 13 subsequently levied by or for the benefit of any public body
- 14 entitled to a distribution of property taxes in the airport
- 15 development zone be allocated and distributed as provided in
- 16 subsections (d) and (e).

17 (d) Except in a county described in section 1(5) of this chapter, and
 18 as otherwise provided in this section, the proceeds of the taxes
 19 attributable to the lesser of:

- 20 (1) the assessed value of the tangible property for the assessment
- 21 date with respect to which the allocation and distribution is made;
- 22 or
- 23 (2) the base assessed value;

24 shall be allocated and, when collected, paid into the funds of the
 25 respective taxing units.

26 (e) Except in a county described in section 1(5) of this chapter, all
 27 of the property tax proceeds in excess of those described in subsection
 28 (d) shall be allocated to the eligible entity for the airport development
 29 zone and, when collected, paid into special funds as follows:

- 30 (1) The commission may determine that a portion of tax proceeds
- 31 shall be allocated to a training grant fund to be expended by the
- 32 commission without appropriation solely for the purpose of
- 33 reimbursing training expenses incurred by public or private
- 34 entities in the training of employees for the qualified airport
- 35 development project.

- 36 (2) Except as provided in subsection (f), all remaining tax
- 37 proceeds shall be allocated to a debt service fund and dedicated
- 38 to the payment of principal and interest on revenue bonds of the
- 39 airport authority for a qualified airport development project or to
- 40 the payment of leases for a qualified airport development project.

41 (f) Except in a county described in section 1(5) of this chapter, if the
 42 tax proceeds allocated to the debt service fund exceed the amount
 43 necessary to:

- 44 (1) pay principal and interest on airport authority revenue bonds;
- 45 (2) pay lease rentals on leases of a qualified airport development
- 46 project; or

(3) create, maintain, or restore a reserve for airport authority revenue bonds or for lease rentals or leases of a qualified airport development project;

the excess over that amount shall be paid to the respective taxing units in the manner prescribed by subsection (d).

(g) Except in a county described in section 1(5) of this chapter, when money in the debt service fund is sufficient to pay all outstanding principal and interest (to the earliest date on which the obligations can be redeemed) on revenue bonds issued by the airport authority for the financing of qualified airport development projects and all lease rentals payable on leases of qualified airport development projects, money in the debt service fund in excess of that amount shall be paid to the respective taxing units in the manner prescribed by subsection (d).

(h) Except in a county described in section 1(5) of this chapter, property tax proceeds allocable to the debt service fund under subsection (e)(2) must, subject to subsection (g), be irrevocably pledged by the eligible entity for the purpose set forth in subsection (e)(2).

(i) Except in a county described in section 1(5) of this chapter, and notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable tangible property situated upon or in, or added to, the airport development zone effective on the next assessment date after the petition.

(j) Except in a county described in section 1(5) of this chapter, and notwithstanding any other law, the assessed value of all taxable tangible property in the airport development zone, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

(1) the assessed value of the tangible property as valued without regard to this section; or

(2) the base assessed value.

(k) Notwithstanding any other provision, an allocation provision in a resolution adopted under this chapter before July 1, 1999, expires not later than the latest date that an obligation that is outstanding on July 1, 1999, and that is payable from allocated taxes is scheduled to be retired. An allocation provision in a resolution adopted under this chapter after June 30, 1999, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the resolution is adopted.

SECTION 21. IC 36-7-14-39 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 39. (a) As used in this section:

"Allocation area" means that part of a blighted area to which an allocation provision of a declaratory resolution adopted under section

15 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date after the effective date of the allocation provision.

(2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded portion of the

1 area added after June 30, 1995.

2 (6) If an allocation area established in a blighted area before July
3 1, 1997, is expanded after June 30, 1997, the definition in
4 subdivision (2) applies to the expanded portion of the area added
5 after June 30, 1997.

6 Except as provided in section 39.3 of this chapter, "property taxes"
7 means taxes imposed under IC 6-1.1 on real property. However, upon
8 approval by a resolution of the redevelopment commission adopted
9 before June 1, 1987, "property taxes" also includes taxes imposed
10 under IC 6-1.1 on depreciable personal property. If a redevelopment
11 commission adopted before June 1, 1987, a resolution to include within
12 the definition of property taxes taxes imposed under IC 6-1.1 on
13 depreciable personal property that has a useful life in excess of eight
14 (8) years, the commission may by resolution determine the percentage
15 of taxes imposed under IC 6-1.1 on all depreciable personal property
16 that will be included within the definition of property taxes. However,
17 the percentage included must not exceed twenty-five percent (25%) of
18 the taxes imposed under IC 6-1.1 on all depreciable personal property.

19 (b) A declaratory resolution adopted under section 15 of this chapter
20 before January 1, 2006, may include a provision with respect to the
21 allocation and distribution of property taxes for the purposes and in the
22 manner provided in this section. A declaratory resolution previously
23 adopted may include an allocation provision by the amendment of that
24 declaratory resolution before January 1, 2006, in accordance with the
25 procedures required for its original adoption. A declaratory resolution
26 or an amendment that establishes an allocation provision after June 30,
27 1995, **and before July 1, 1999**, must specify an expiration date for the
28 allocation provision that may not be more than thirty (30) years after
29 the date on which the allocation provision is established. However, if
30 bonds or other obligations that were scheduled when issued to mature
31 before the specified expiration date, ~~and~~ that are payable only from
32 allocated tax proceeds with respect to the allocation area, **and that**
33 **were outstanding on July 1, 1999**, remain outstanding as of the
34 expiration date, the allocation provision does not expire until all of the
35 bonds or other obligations are no longer outstanding. **Notwithstanding**
36 **any other provision, an allocation provision established before July**
37 **1, 1999, expires not later than the latest date that a bond or**
38 **obligation outstanding on July 1, 1999, and payable from allocated**
39 **taxes is scheduled to be retired. A declaratory resolution or an**
40 **amendment that establishes an allocation provision after June 30,**
41 **1999, must specify an expiration date for the allocation provision**
42 **that may not be more than thirty (30) years after the date on which**
43 **the allocation provision is established.** The allocation provision may
44 apply to all or part of the blighted area. The allocation provision must
45 require that any property taxes subsequently levied by or for the benefit
46 of any public body entitled to a distribution of property taxes on taxable

- 1 property in the allocation area be allocated and distributed as follows:
- 2 (1) Except as otherwise provided in this section, the proceeds of
- 3 the taxes attributable to the lesser of:
- 4 (A) the assessed value of the property for the assessment date
- 5 with respect to which the allocation and distribution is made;
- 6 or
- 7 (B) the base assessed value;
- 8 shall be allocated to and, when collected, paid into the funds of
- 9 the respective taxing units.
- 10 (2) Except as otherwise provided in this section, property tax
- 11 proceeds in excess of those described in subdivision (1) shall be
- 12 allocated to the redevelopment district and, when collected, paid
- 13 into an allocation fund for that allocation area that may be used by
- 14 the redevelopment district only to do one (1) or more of the
- 15 following:
- 16 (A) Pay the principal of and interest on any obligations
- 17 payable solely from allocated tax proceeds which are incurred
- 18 by the redevelopment district for the purpose of financing or
- 19 refinancing the redevelopment of that allocation area.
- 20 (B) Establish, augment, or restore the debt service reserve for
- 21 bonds payable solely or in part from allocated tax proceeds in
- 22 that allocation area.
- 23 (C) Pay the principal of and interest on bonds payable from
- 24 allocated tax proceeds in that allocation area and from the
- 25 special tax levied under section 27 of this chapter.
- 26 (D) Pay the principal of and interest on bonds issued by the
- 27 unit to pay for local public improvements in or serving that
- 28 allocation area.
- 29 (E) Pay premiums on the redemption before maturity of bonds
- 30 payable solely or in part from allocated tax proceeds in that
- 31 allocation area.
- 32 (F) Make payments on leases payable from allocated tax
- 33 proceeds in that allocation area under section 25.2 of this
- 34 chapter.
- 35 (G) Reimburse the unit for expenditures made by it for local
- 36 public improvements (which include buildings, parking
- 37 facilities, and other items described in section 25.1(a) of this
- 38 chapter) in or serving that allocation area.
- 39 (H) Reimburse the unit for rentals paid by it for a building or
- 40 parking facility in or serving that allocation area under any
- 41 lease entered into under IC 36-1-10.
- 42 (I) Pay all or a portion of a property tax replacement credit to
- 43 taxpayers in an allocation area as determined by the
- 44 redevelopment commission. This credit equals the amount
- 45 determined under the following STEPS for each taxpayer in a
- 46 taxing district (as defined in IC 6-1.1-1-20) that contains all or

1 part of the allocation area:
2 STEP ONE: Determine that part of the sum of the amounts
3 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),
4 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and
5 IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.
6 STEP TWO: Divide:
7 (A) that part of twenty percent (20%) of each county's total
8 county tax levy payable that year as determined under
9 IC 6-1.1-21-4 that is attributable to the taxing district; by
10 (B) the STEP ONE sum.
11 STEP THREE: Multiply:
12 (A) the STEP TWO quotient; times
13 (B) the total amount of the taxpayer's property taxes levied
14 in the taxing district that have been allocated during that
15 year to an allocation fund under this section.
16 If not all the taxpayers in an allocation area receive the credit
17 in full, each taxpayer in the allocation area is entitled to
18 receive the same proportion of the credit. A taxpayer may not
19 receive a credit under this section and a credit under section
20 39.5 of this chapter in the same year.
21 (J) Pay expenses incurred by the redevelopment commission
22 for local public improvements that are in the allocation area or
23 serving the allocation area. Public improvements include
24 buildings, parking facilities, and other items described in
25 section 25.1(a) of this chapter.
26 (K) Reimburse public and private entities for expenses
27 incurred in training employees of industrial facilities that are
28 located:
29 (i) in the allocation area; and
30 (ii) on a parcel of real property that has been classified as
31 industrial property under the rules of the state board of tax
32 commissioners.
33 However, the total amount of money spent for this purpose in
34 any year may not exceed the total amount of money in the
35 allocation fund that is attributable to property taxes paid by the
36 industrial facilities described in this clause. The
37 reimbursements under this clause must be made within three
38 (3) years after the date on which the investments that are the
39 basis for the increment financing are made.
40 The allocation fund may not be used for operating expenses of the
41 commission.
42 (3) Except as provided in subsection (g), before July 15 of each
43 year the commission shall do the following:
44 (A) Determine the amount, if any, by which the base assessed
45 value when multiplied by the estimated tax rate of the
46 allocation area will exceed the amount of assessed value

needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Notify the county auditor of the amount, if any, of the amount of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1). The commission may not authorize an allocation of assessed value to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2) or lessors under section 25.3 of this chapter.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 4-4-6.1, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the

1 amount sufficient for the purposes specified in subsection (b)(2) for the
 2 year. The amount sufficient for purposes specified in subsection (b)(2)
 3 for the year shall be determined based on the pro rata portion of such
 4 current property tax proceeds from the portion of the enterprise zone
 5 that is within the allocation area as compared to all such current
 6 property tax proceeds derived from the allocation area. A unit that has
 7 no obligations, bonds, or leases payable from allocated tax proceeds
 8 under subsection (b)(2) shall establish a special zone fund and deposit
 9 all the property tax proceeds in excess of those described in subsection
 10 (b)(1) in the fund derived from property tax proceeds in excess of those
 11 described in subsection (b)(1) from property located in the enterprise
 12 zone. The unit that creates the special zone fund shall use the fund
 13 (based on the recommendations of the urban enterprise association) for
 14 programs in job training, job enrichment, and basic skill development
 15 that are designed to benefit residents and employers in the enterprise
 16 zone or other purposes specified in subsection (b)(2), except that where
 17 reference is made in subsection (b)(2) to allocation area it shall refer
 18 for purposes of payments from the special zone fund only to that
 19 portion of the allocation area that is also located in the enterprise zone.
 20 Those programs shall reserve at least one-half (1/2) of their enrollment
 21 in any session for residents of the enterprise zone.

22 (h) The state board of accounts and state board of tax
 23 commissioners shall make the rules and prescribe the forms and
 24 procedures that they consider expedient for the implementation of this
 25 chapter. After each general reassessment under IC 6-1.1-4, the state
 26 board of tax commissioners shall adjust the base assessed value one (1)
 27 time to neutralize any effect of the general reassessment on the
 28 property tax proceeds allocated to the redevelopment district under this
 29 section. However, the adjustment may not include the effect of property
 30 tax abatements under IC 6-1.1-12.1, and the adjustment may not
 31 produce less property tax proceeds allocable to the redevelopment
 32 district under subsection (b)(2) than would otherwise have been
 33 received if the general reassessment had not occurred. The state board
 34 of tax commissioners may prescribe procedures for county and
 35 township officials to follow to assist the state board in making the
 36 adjustments.

37 SECTION 22. IC 36-7-14.5-12.5 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 12.5. (a) This section
 39 applies only to an authority in a county having a United States
 40 government military base that is scheduled for closing or is completely
 41 or partially inactive or closed.

42 (b) In order to accomplish the purposes set forth in section 11(b) of
 43 this chapter, an authority may create an economic development area:

44 (1) by following the procedures set forth in IC 36-7-14-41 for the
 45 establishment of an economic development area by a
 46 redevelopment commission; and

(2) with the same effect as if the economic development area was created by a redevelopment commission.

However, an authority may not include in an economic development area created under this section any area that was declared a blighted area, an urban renewal area, or an economic development area under IC 36-7-14.

(c) In order to accomplish the purposes set forth in section 11(b) of this chapter, an authority may do the following in a manner that serves an economic development area created under this section:

(1) Acquire by purchase, exchange, gift, grant, condemnation, or lease, or any combination of methods, any personal property or interest in real property needed for the redevelopment of economic development areas located within the corporate boundaries of the unit.

(2) Hold, use, sell (by conveyance by deed, land sale contract, or other instrument), exchange, lease, rent, or otherwise dispose of property acquired for use in the redevelopment of economic development areas on the terms and conditions that the authority considers best for the unit and the unit's inhabitants.

(3) Sell, lease, or grant interests in all or part of the real property acquired for redevelopment purposes to any other department of the unit or to any other governmental agency for public ways, levees, sewerage, parks, playgrounds, schools, and other public purposes on any terms that may be agreed on.

(4) Clear real property acquired for redevelopment purposes.

(5) Repair and maintain structures acquired for redevelopment purposes.

(6) Remodel, rebuild, enlarge, or make major structural improvements on structures acquired for redevelopment purposes.

(7) Survey or examine any land to determine whether the land should be included within an economic development area to be acquired for redevelopment purposes and to determine the value of that land.

(8) Appear before any other department or agency of the unit, or before any other governmental agency in respect to any matter affecting:

(A) real property acquired or being acquired for redevelopment purposes; or

(B) any economic development area within the jurisdiction of the authority.

(9) Institute or defend in the name of the unit any civil action, but all actions against the authority must be brought in the circuit or superior court of the county where the authority is located.

(10) Use any legal or equitable remedy that is necessary or considered proper to protect and enforce the rights of and perform the duties of the authority.

1 (11) Exercise the power of eminent domain in the name of and
2 within the corporate boundaries of the unit subject to the same
3 conditions and procedures that apply to the exercise of the power
4 of eminent domain by a redevelopment commission under
5 IC 36-7-14.

6 (12) Appoint an executive director, appraisers, real estate experts,
7 engineers, architects, surveyors, and attorneys.

8 (13) Appoint clerks, guards, laborers, and other employees the
9 authority considers advisable, except that those appointments
10 must be made in accordance with the merit system of the unit if
11 such a system exists.

12 (14) Prescribe the duties and regulate the compensation of
13 employees of the authority.

14 (15) Provide a pension and retirement system for employees of
15 the authority by using the public employees' retirement fund or a
16 retirement plan approved by the United States Department of
17 Housing and Urban Development.

18 (16) Discharge and appoint successors to employees of the
19 authority subject to subdivision (13).

20 (17) Rent offices for use of the department or authority, or accept
21 the use of offices furnished by the unit.

22 (18) Equip the offices of the authority with the necessary
23 furniture, furnishings, equipment, records, and supplies.

24 (19) Design, order, contract for, and construct, reconstruct,
25 improve, or renovate the following:

26 (A) Any local public improvement or structure that is
27 necessary for redevelopment purposes or economic
28 development within the corporate boundaries of the unit.

29 (B) Any structure that enhances development or economic
30 development.

31 (20) Contract for the construction, extension, or improvement of
32 pedestrian skyways (as defined in IC 36-7-14-12.2(c)).

33 (21) Accept loans, grants, and other forms of financial assistance
34 from, or contract with, the federal government, the state
35 government, a municipal corporation, a special taxing district, a
36 foundation, or any other source.

37 (22) Make and enter into all contracts and agreements necessary
38 or incidental to the performance of the duties of the authority and
39 the execution of the powers of the authority under this chapter.

40 (23) Take any action necessary to implement the purpose of the
41 authority.

42 (24) Provide financial assistance, in the manner that best serves
43 the purposes set forth in section 11(b) of this chapter, including
44 grants and loans, to enable private enterprise to develop,
45 redevelop, and reuse military base property or otherwise enable
46 private enterprise to provide social and economic benefits to the

1 citizens of the unit.

2 (d) An authority may designate all or a portion of an economic
 3 development area created under this section as an allocation area by
 4 following the procedures set forth in IC 36-7-14-39 for the
 5 establishment of an allocation area by a redevelopment commission.
 6 The allocation provision may modify the definition of "property taxes"
 7 under IC 36-7-14-39(a) to include taxes imposed under IC 6-1.1 on the
 8 depreciable personal property located and taxable on the site of
 9 operations of designated taxpayers in accordance with the procedures
 10 applicable to a commission under IC 36-7-14-39.3. IC 36-7-14-39.3
 11 applies to such a modification. An allocation area established by an
 12 authority under this section is a special taxing district authorized by the
 13 general assembly to enable the unit to provide special benefits to
 14 taxpayers in the allocation area by promoting economic development
 15 that is of public use and benefit. For allocation areas established for an
 16 economic development area created under this section after June 30,
 17 1997, and to the expanded portion of an allocation area for an
 18 economic development area that was established before June 30, 1997,
 19 and that is expanded under this section after June 30, 1997, the net
 20 assessed value of property that is assessed as residential property under
 21 the rules of the state board of tax commissioners, as finally determined
 22 for any assessment date, must be allocated. All of the provisions of
 23 IC 36-7-14-39, IC 36-7-14-39.1, and IC 36-7-14-39.5 apply to an
 24 allocation area created under this section, except that the authority shall
 25 be vested with the rights and duties of a commission as referenced in
 26 those sections, and except that, notwithstanding IC 36-7-14-39(b)(2),
 27 property tax proceeds paid into the allocation fund may be used by the
 28 authority only to do one (1) or more of the following:

- 29 (1) Pay the principal of and interest and redemption premium on
 30 any obligations incurred by the special taxing district or any other
 31 entity for the purpose of financing or refinancing military base
 32 reuse activities in or serving or benefitting that allocation area.
- 33 (2) Establish, augment, or restore the debt service reserve for
 34 obligations payable solely or in part from allocated tax proceeds
 35 in that allocation area or from other revenues of the authority
 36 (including lease rental revenues).
- 37 (3) Make payments on leases payable solely or in part from
 38 allocated tax proceeds in that allocation area.
- 39 (4) Reimburse any other governmental body for expenditures
 40 made by it for local public improvements or structures in or
 41 serving or benefitting that allocation area.
- 42 (5) Pay all or a portion of a property tax replacement credit to
 43 taxpayers in an allocation area as determined by the authority.
 44 This credit equals the amount determined under the following
 45 STEPS for each taxpayer in a taxing district (as defined in
 46 IC 6-1.1-1-20) that contains all or part of the allocation area:

1 STEP ONE: Determine that part of the sum of the amounts
 2 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),
 3 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and
 4 IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

5 STEP TWO: Divide:

6 (A) that part of the twenty percent (20%) of each county's
 7 total county tax levy payable that year as determined under
 8 IC 6-1.1-21-4 that is attributable to the taxing district; by

9 (B) the STEP ONE sum.

10 STEP THREE: Multiply:

11 (A) the STEP TWO quotient; by

12 (B) the total amount of the taxpayer's property taxes levied
 13 in the taxing district that have been allocated during that
 14 year to an allocation fund under this section.

15 If not all the taxpayers in an allocation area receive the credit in
 16 full, each taxpayer in the allocation area is entitled to receive the
 17 same proportion of the credit. A taxpayer may not receive a credit
 18 under this section and a credit under IC 36-7-14-39.5 in the same
 19 year.

20 (6) Pay expenses incurred by the authority for local public
 21 improvements or structures that are in the allocation area or
 22 serving or benefiting the allocation area.

23 (7) Reimburse public and private entities for expenses incurred in
 24 training employees of industrial facilities that are located:

25 (A) in the allocation area; and

26 (B) on a parcel of real property that has been classified as
 27 industrial property under the rules of the state board of tax
 28 commissioners.

29 However, the total amount of money spent for this purpose in any
 30 year may not exceed the total amount of money in the allocation
 31 fund that is attributable to property taxes paid by the industrial
 32 facilities described in clause (B). The reimbursements under this
 33 subdivision must be made within three (3) years after the date on
 34 which the investments that are the basis for the increment
 35 financing are made. The allocation fund may not be used for
 36 operating expenses of the authority.

37 (e) In addition to other methods of raising money for property
 38 acquisition, redevelopment, or economic development activities in or
 39 directly serving or benefitting an economic development area created
 40 by an authority under this section, and in anticipation of the taxes
 41 allocated under subsection (d), other revenues of the authority, or any
 42 combination of these sources, the authority may, by resolution, issue
 43 the bonds of the special taxing district in the name of the unit. Bonds
 44 issued under this section may be issued in any amount without
 45 limitation. The following apply if such a resolution is adopted:

46 (1) The authority shall certify a copy of the resolution authorizing

1 the bonds to the municipal or county fiscal officer, who shall then
2 prepare the bonds. The seal of the unit must be impressed on the
3 bonds, or a facsimile of the seal must be printed on the bonds.

4 (2) The bonds must be executed by the appropriate officer of the
5 unit and attested by the unit's fiscal officer.

6 (3) The bonds are exempt from taxation for all purposes.

7 (4) Bonds issued under this section may be sold at public sale in
8 accordance with IC 5-1-11 or at a negotiated sale.

9 (5) The bonds are not a corporate obligation of the unit but are an
10 indebtedness of the taxing district. The bonds and interest are
11 payable, as set forth in the bond resolution of the authority:

12 (A) from the tax proceeds allocated under subsection (d);

13 (B) from other revenues available to the authority; or

14 (C) from a combination of the methods stated in clauses (A)
15 and (B).

16 (6) Proceeds from the sale of bonds may be used to pay the cost
17 of interest on the bonds for a period not to exceed five (5) years
18 from the date of issuance.

19 (7) Laws relating to the filing of petitions requesting the issuance
20 of bonds and the right of taxpayers to remonstrate against the
21 issuance of bonds do not apply to bonds issued under this section.

22 (8) If a debt service reserve is created from the proceeds of bonds,
23 the debt service reserve may be used to pay principal and interest
24 on the bonds as provided in the bond resolution.

25 (9) If bonds are issued under this chapter that are payable solely
26 or in part from revenues to the authority from a project or
27 projects, the authority may adopt a resolution or trust indenture or
28 enter into covenants as is customary in the issuance of revenue
29 bonds. The resolution or trust indenture may pledge or assign the
30 revenues from the project or projects. The resolution or trust
31 indenture may also contain any provisions for protecting and
32 enforcing the rights and remedies of the bond owners as may be
33 reasonable and proper and not in violation of law, including
34 covenants setting forth the duties of the authority. The authority
35 may establish fees and charges for the use of any project and
36 covenant with the owners of any bonds to set those fees and
37 charges at a rate sufficient to protect the interest of the owners of
38 the bonds. Any revenue bonds issued by the authority that are
39 payable solely from revenues of the authority shall contain a
40 statement to that effect in the form of bond.

41 (f) Notwithstanding section 8(a) of this chapter, an ordinance
42 adopted under section 11(b) of this chapter may provide, or be
43 amended to provide, that the board of directors of the authority shall be
44 composed of not fewer than three (3) nor more than seven (7)
45 members, who must be residents of the unit appointed by the executive
46 of the unit.

(g) The acquisition of real and personal property by an authority under this section is not subject to the provisions of IC 5-22, IC 36-1-10.5, IC 36-7-14-19, or any other statutes governing the purchase of property by public bodies or their agencies.

(h) An authority may negotiate for the sale, lease, or other disposition of real and personal property without complying with the provisions of IC 5-22-22, IC 36-1-11, IC 36-7-14-22, or any other statute governing the disposition of public property.

(i) Notwithstanding any other law, utility services provided within an economic development area established under this section are subject to regulation by the appropriate regulatory agencies unless the utility service is provided by a utility that provides utility service solely within the geographic boundaries of an existing or a closed military installation, in which case the utility service is not subject to regulation for purposes of rate making, regulation, service delivery, or issuance of bonds or other forms of indebtedness. However, this exemption from regulation does not apply to utility service if the service is generated, treated, or produced outside the boundaries of the existing or closed military installation.

(j) Notwithstanding any other provision, an allocation provision in a resolution adopted under this chapter before July 1, 1999, expires not later than the latest date that an obligation that is outstanding on July 1, 1999, and that is payable from allocated taxes is scheduled to be retired. An allocation provision in a resolution adopted under this chapter after June 30, 1999, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the resolution is adopted.

SECTION 23. IC 36-7-15.1-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 26. (a) As used in this section:

"Allocation area" means that part of a blighted area to which an allocation provision of a resolution adopted under section 8 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the state board of tax

- 1 commissioners, as finally determined for any assessment date
 2 after the effective date of the allocation provision.
- 3 (2) If an allocation provision is adopted after June 30, 1997, in a
 4 declaratory resolution or an amendment to a declaratory
 5 resolution establishing a blighted area:
- 6 (A) the net assessed value of all the property as finally
 7 determined for the assessment date immediately preceding the
 8 effective date of the allocation provision of the declaratory
 9 resolution, as adjusted under subsection (h); plus
- 10 (B) to the extent that it is not included in clause (A), the net
 11 assessed value of property that is assessed as residential
 12 property under the rules of the state board of tax
 13 commissioners, as finally determined for any assessment date
 14 after the effective date of the allocation provision.
- 15 (3) If:
- 16 (A) an allocation provision adopted before June 30, 1995, in
 17 a declaratory resolution or an amendment to a declaratory
 18 resolution establishing a blighted area expires after June 30,
 19 1997; and
- 20 (B) after June 30, 1997, a new allocation provision is included
 21 in an amendment to the declaratory resolution;
- 22 the net assessed value of all the property as finally determined for
 23 the assessment date immediately preceding the effective date of
 24 the allocation provision adopted after June 30, 1997, as adjusted
 25 under subsection (h).
- 26 (4) Except as provided in subdivision (5), for all other allocation
 27 areas, the net assessed value of all the property as finally
 28 determined for the assessment date immediately preceding the
 29 effective date of the allocation provision of the declaratory
 30 resolution, as adjusted under subsection (h).
- 31 (5) If an allocation area established in an economic development
 32 area before July 1, 1995, is expanded after June 30, 1995, the
 33 definition in subdivision (1) applies to the expanded portion of the
 34 area added after June 30, 1995.
- 35 (6) If an allocation area established in a blighted area before July
 36 1, 1997, is expanded after June 30, 1997, the definition in
 37 subdivision (2) applies to the expanded portion of the area added
 38 after June 30, 1997.
- 39 Except as provided in section 26.2 of this chapter, "property taxes"
 40 means taxes imposed under IC 6-1.1 on real property. However, upon
 41 approval by a resolution of the redevelopment commission adopted
 42 before June 1, 1987, "property taxes" also includes taxes imposed
 43 under IC 6-1.1 on depreciable personal property. If a redevelopment
 44 commission adopted before June 1, 1987, a resolution to include within
 45 the definition of property taxes taxes imposed under IC 6-1.1 on
 46 depreciable personal property that has a useful life in excess of eight

(8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A resolution adopted under section 8 of this chapter before January 1, 2006, may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution before January 1, 2006, in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, **and before July 1, 1999**, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date, ~~and~~ that are payable only from allocated tax proceeds with respect to the allocation area, **and that were outstanding on July 1, 1999**, remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. **Notwithstanding any other provision, an allocation provision established before July 1, 1999, expires not later than the latest date that a bond or other obligation outstanding on July 1, 1999, and payable from allocated taxes is scheduled to be retired. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1999, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established.** The allocation provision may apply to all or part of the blighted area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the

1 redevelopment district only to do one (1) or more of the
2 following:

3 (A) Pay the principal of and interest on any obligations
4 payable solely from allocated tax proceeds that are incurred by
5 the redevelopment district for the purpose of financing or
6 refinancing the redevelopment of that allocation area.

7 (B) Establish, augment, or restore the debt service reserve for
8 bonds payable solely or in part from allocated tax proceeds in
9 that allocation area.

10 (C) Pay the principal of and interest on bonds payable from
11 allocated tax proceeds in that allocation area and from the
12 special tax levied under section 19 of this chapter.

13 (D) Pay the principal of and interest on bonds issued by the
14 consolidated city to pay for local public improvements in that
15 allocation area.

16 (E) Pay premiums on the redemption before maturity of bonds
17 payable solely or in part from allocated tax proceeds in that
18 allocation area.

19 (F) Make payments on leases payable from allocated tax
20 proceeds in that allocation area under section 17.1 of this
21 chapter.

22 (G) Reimburse the consolidated city for expenditures for local
23 public improvements (which include buildings, parking
24 facilities, and other items set forth in section 17 of this
25 chapter) in that allocation area.

26 (H) Reimburse the unit for rentals paid by it for a building or
27 parking facility in that allocation area under any lease entered
28 into under IC 36-1-10.

29 (I) Reimburse public and private entities for expenses incurred
30 in training employees of industrial facilities that are located:

31 (i) in the allocation area; and

32 (ii) on a parcel of real property that has been classified as
33 industrial property under the rules of the state board of tax
34 commissioners.

35 However, the total amount of money spent for this purpose in
36 any year may not exceed the total amount of money in the
37 allocation fund that is attributable to property taxes paid by the
38 industrial facilities described in this clause. The
39 reimbursements under this clause must be made within three
40 (3) years after the date on which the investments that are the
41 basis for the increment financing are made.

42 The special fund may not be used for operating expenses of the
43 commission.

44 (3) Before July 15 of each year, the commission shall do the
45 following:

46 (A) Determine the amount, if any, by which the base assessed

value when multiplied by the estimated tax rate of the allocated area will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2) and subsection (g).

(B) Notify the county auditor of the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 4-4-6.1, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the

amount sufficient for the purposes specified in subsection (b)(2) for the year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:

(1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.

(2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in the enterprise zone. These loans and grants may be made to the following:

(A) Businesses operating in the enterprise zone.

(B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.

(3) To provide funds to carry out other purposes specified in subsection (b)(2). However, where reference is made in subsection (b)(2) to the allocation area, the reference refers for purposes of payments from the special zone fund only to that portion of the allocation area that is also located in the enterprise zone.

(h) The state board of accounts and state board of tax commissioners shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the state board of tax commissioners shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The state board of tax commissioners may prescribe procedures for county and township officials to follow to assist the state board in making the adjustments.

SECTION 24. IC 36-7-30-34 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 34. (a) Notwithstanding any other**

1 **provision, an allocation provision in a resolution adopted under**
2 **this chapter before July 1, 1999, expires not later than the latest**
3 **date that an obligation that is outstanding on July 1, 1999, and that**
4 **is payable from allocated taxes is scheduled to be retired.**

5 **(b) An allocation provision in a resolution adopted under this**
6 **chapter after June 30, 1999, must specify an expiration date for the**
7 **allocation provision that may not be more than thirty (30) years**
8 **after the date on which the resolution is adopted."**

9 Renumber all SECTIONS consecutively.

(Reference is to HB 1554 as printed February 26, 1999.)

Representative Bauer